<u>**VIA ELECTRONIC FILING**</u>

May 26, 2010

Ms. Marlene H. Dortch
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

RE: In the Matter of Notice of Proposed Rulemaking
Schools and Libraries Universal Service Support Mechanism
<u>**CC Docket No. 02-6 and GN Docket No. 09-51**</u>

COMMENT FROM: Techmasters, Inc.

¶	Topic / Quote	Comment
19	We seek comment on whether a separate E-rate mandated technology plan requirement remains useful for larger telecommunications and Internet access service priority one funding requests, even for those applicants that are subject to other state or local requirements.	Having a separate E-rate mandated technology plan covering Priority 1 funding requests is of limited or no value, regardless of the size of the applicant or of the request, and should be eliminated. Because Priority 1 service providers continually change their products, change their responses to Form 470s, and change their billing systems, the E-rate required technology plans provide virtually no assistance in procurement. Unless Priority 1 service providers are required to use a common E-rate format when responding to Form 470s, true comparative competition among like goods and services remains generally unachievable, regardless of the content of the technology plans.
20	We also seek comment on whether the current third-party approval process should be retained to the extent that we continue to require technology plans.	(A) If the movement is toward eliminating the Form 470 for those subject to public procurement requirements, why not apply the same logic regarding technology planning: no third-party approval process for those subject to local or state technology planning requirements. (B) Technology planning approval has become an extensive and unnecessarily protracted process – an industry unto itself – benefitting primarily those paid to approve the plans. Local and state requirements should suffice, because applicants must already certify to the plan on E-rate forms. (C) Auditors routinely examine technology plans that have been third-party approved, and they finds exceptions, errors, and program violations. So, if the third-party approval is essentially meaningless in terms of absolute program compliance, here is an area to quickly reduce waste. (D) Applicants seeking federal or other technology funding may request third-party assistance in preparing their plans to those specifications, but that is only a subset of all applicants. Fair and open competition among those who offer technology planning assistance should be the norm, but it is the exception. One institutional size does not fit all.
33	…require all applicants to file their FCC Forms 470 and 471 electronically.	(A) Paper forms must remain available because electronic communications problems beyond the control of the applicant or USAC have historically interfered with the timely

		filing of required forms by some applicants. The assumption is that those applicants unable to file electronically by the deadline (due to conditions beyond their control) are required to engage in a time-consuming appeal process to prove the validity of their submission efforts. That process becomes a penalty itself upon those already outside the filing window. Is there a provision for speedy and uncomplicated relief for those in this situation? No. Therefore, the availability of a paper option provides the necessary fail-over option and provides the applicant with alternative means of proof of submission. (B) There is no indication of the number of annual incidents in which applicants try but cannot electronically file. Therefore, it is unwise to require only electronic submissions without some frame of reference. (C) Who will be put in greater peril if electronic submissions are required? Answer: those applicants with the least reliable access to connectivity and those with the fewest other resources or skills needed to electronically file. These are the applicants who need E-rate the most, who are small in size, and who are often located in rural areas where connectivity is subject to more outages than USAC experiences. To these applicants, a paper filing may be immensely easier and safer.
34-36	...using the average discount rate for the entire school district rather than the weighted average for each school building...for priority one and priority two services.	This proposal would somewhat streamline the process for Priority 1 applications, but it would unfairly eliminate many schools from ever receiving Priority 2 discounts. A districtwide or systemwide average for Priority 2 discounts means that those with a discount matrix percentage of 80% or below would have virtually no way of ever receiving discounts for those sites which individually may qualify for 80% or higher discounts. Historically, Priority 2 funding has seldom reached to or below 80%, but many districts or systems contain individual sites at the 80%-90% discount level, which under current policies may be grouped separately from the overall average. The students or patrons at those 80%-90% sites do qualify for funding and should not be denied that opportunity simply because they are part of a larger system with an overall discount level which is never funded. In sum, this proposal, if extended to Priority 2, shuts out those qualified sites which deserve the same access to discounts as similar sites in districts or systems with very high overall average discount levels, traditionally the large urban districts which already get the lion's share of E-rate dollars.
37-39	Rural definition. We now propose that, for E-rate purposes, an area will be considered rural based on the methodology and locale codes used by the U.S. Department of Education's National Center for Education Statistics (NCES), also known as urban-centric locale codes. We propose that any school or library that is within a territory that is classified as "town-	It is not clear whether these newer definitions will shrink or expand the number of applicants designated as "rural." Also, there is a vast difference between the geographically larger applicant which has many entities, some rural and some urban, and the smaller applicant with rural-only entities. In the case of the typical applicant with an urban core and some rural-designated entities, the rural entities affect the discount for shared services, but those shared services often originate in the central urban core. In the case of the all-rural applicant with no urban entities, the shared services would originate from a rural entity, presumably at a higher cost. To further streamline the application process specifically for all-rural applicants, those applications should be handled by a separate PIA group within

	distant," "town-remote," "rural-distant," or "rural-remote" by an NCES urban-centric locale code will be considered rural for purposes of calculating its E-rate discount level.	USAC and processed in a priority order as though all such applications were submitted on the opening day of the window, so as to accelerate their applications through to a decision letter.
43	... ability to lease or purchase dark fiber	Make this element retroactive to the category of applicants meeting both these two criteria: (1) they applied for unlit dark fiber and were previously denied; and, (2) they appealed the denial and the appeal was denied.
44	...provide full E-rate support for wireless Internet access service used with a portable learning devices that are used off Premises.	(A) This proposal does not make it clear whether the wireless Internet access service must be provided through the qualifying school or library (e.g., applicant-operated wireless access points or broadcast towers). If the wireless Internet access service is provided instead by a third-party service provider and the end-user devices are likely to use new and emerging technologies, it is not reasonable to expect small or mid-sized applicants to acquire enough resources and expertise to provide effective filtering, to meet CIPA requirements, or to have sufficient control over the use of the connectivity off premises to certify that it is for educational purposes. (B) Expanding E-rate discounts to schools for educational uses off premises begs the question of how or whether this would apply to libraries. Since we believe this extension will make CIPA compliance difficult to the point of farcical, why not allow library patrons to take home library-owned portable devices, connect to their own home Internet provider, and generate E-rate discounts on behalf of the library? With so many other E-rate directives reference boundaries (telecommunications / network demarcation points, crossing of rights-of-way, address differences for various entities, etc.), this sudden expansion into the community appears aimed at creating a perception of improving learning through technology rather than a prudent use of ratepayer dollars. (C) At present, applicants have little or no administrative authority over household use of school-owned devices, beyond self-certification and other untested agreements. If the Commission seeks greater community participation in the use of E-rate discounted services to promote digital literacy among the general populace, why not make the discounts available directly to the household ratepayer and bypass the schools and libraries? The household ratepayers pay into the USF already, so why not provide them a rebate to acquire and use Internet access? Schools and libraries should not become the de facto responsible parties for use of off-premises connectivity that is shared among household members and others. (D) Why is wireless the default medium for E-rate discounted off-premises connectivity? If schools and libraries are to become the de facto responsible parties for use of off-premises connectivity that is shared among household members and others, why not include cable, wireline, satellite, fiber, ISP over electric transmission lines, and other non-wireless connection systems? Many school and library

		systems already have franchise agreements with local cable TV providers and could provide Internet access service over that medium. (E) Is there a connection between those providers who pay into the USF and any assumed bias toward one medium or the other? The current proposal raises this question.
57	We propose to revise our rules to allow schools with residential areas on their grounds to receive E-rate funding for priority one and priority two services in those residential areas in circumstances where the students do not have access to comparable schooling or training if they were to reside at home.	This should be on a case-by-case basis wherein the applicant seeks a waiver. Lacking crystal clear definitions of "residential areas," this will invite waste, fraud, and abuse, as operators of residential facilities of all types line up for E-rate discounts. It will invite the proliferation of E-rate applications from such diverse examples as home schoolers, sports camp operators, homeless shelters, hospitals, motels, wilderness camps, trailer parks, military facilities, and a lengthening list of locales where students may "reside," no matter how temporarily. The costs to FCC/USAC to verify the authenticity of such requests would be inestimably extreme, and the risks of waste, fraud, and abuse would be exponentially increased. The number of students served in these residential situations needs to be weighed against the number of students overall.
59	We seek comment on whether there are specific telecommunications services, Internet access services, or priority two services on the current ESL that should receive a lower priority in E-rate funding so that we can target funding toward higher bandwidth connectivity.	(A) The E-rate program was initially conceived to bring Internet access to schools and libraries, at a time when Internet access was limited in coverage, relatively expensive, and of unknown value in increasing learning or literacy. Like a coat rack, the E-rate program has allowed many additional funding categories to be hung onto the program. Some 14 years into the program, few schools and libraries are without the network capacity to receive Internet access. Yet, E-rate still funds Priority 2 requests as though new ground is being plowed, without acknowledging that Priority 2 E-rate has become a luxury entitlement for the same near-90% applicants. Priority 2 funding is not only the center of most waste, fraud, and abuse, it weakens the original E-rate goal of subsidizing Internet access. (B) If a side-goal is to raise American broadband connectivity per capita compared to other industrialized nations, remember the rubric being used in such comparisons. Broadband connectivity is usually expressed in speeds of access, distribution of access points, and numbers of people connected. These are essentially Priority 1 measures, not Priority 2. E-rate and the USF are modeled after the precepts of the Rural Electrification Act (REA) of 1935, to bring electricity to those for whom a business case could not be made to extend service (i.e., the rural, remote, and under-served), by assessing other ratepayers. The REA did not supply the toasters, heaters, light bulbs, and water pumps which used the electricity – the end users determined the value of their subsidized commodity and budgeted accordingly for its local distribution and use. (C) Schools and libraries below the 80%-90% discount level, who historically have not received Priority 2 discounts, have nonetheless found means to install and maintain networks. They were in part compelled to do so because the certifications on their E-rate forms for Priority 1 required that they had all resources necessary to use their Priority 1 services. Also, most of these schools and libraries have

		equated Priority 2 goods and services with essential utilities, and budgeted accordingly, without E-rate discounts. (D) Why continually re-fund the same near-90% applicants for Priority 2? We suggest phasing out Priority 2 and On-Premise Priority 1 Equipment Service Charges altogether. Use those saved USF dollars to provide greatly expanded Priority 1 broadband access by collapsing the discount matrix so that the lowest Priority 1 discount would be 75% and the highest 85%.
95	...revise the FCC Form 500 to require schools and libraries to report to USAC the disposal of equipment purchased with an E-rate discount for payment or other consideration.	The burden of providing new data (Items A-H on proposed new Form 500) is too extensive for the small and mid-sized applicant. Most of this information can be acquired through an audit, but to require this level of detail each time one or more items is disposed of is not streamlining the E-rate program; rather, it will simply cause more qualified schools and libraries to cease participation in E-rate. If the movement is toward eliminating the Form 470 for those subject to public procurement requirements, why not apply the same logic regarding disposal: no new form or reporting requirement for those subject to public disposal requirements?